

Message Text

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C O N F I D E N T I A L SECTION 01 OF 02 NATO 06865

E.O. 11652: GDS
TAGS: MARR NATO
SUBJECT: MEETING OF CENTRAL EUROPE PIPELINE POLICY
COMMITTEE (CEPPC) AT BRUSSELS, 12-13 JULY 1977
REF: AC/120-A/244, 1 JULY 1977

SUMMARY: THE QUESTION OF FRENCH PARTICIPATION IN INFRASTRUC-
TURE COMMON FUNDING DOMINATED DISCUSSIONS DURING THE
CENTRAL EUROPE PIPELINE POLICY COMMITTEE (CEPPC) MEETING.
THE FRENCH DECISION TO FINANCE NATIONALLY THE REPLACEMENT
OF ADN ENGINES IN FRANCE AND NOT PARTICIPATE IN THE INFRA-
STRUCTURE PROJECT FOR THE REPLACEMENT OF FIFTEEN ENGINES
IN BELGIUM AND THE NETHERLANDS TRIGGERED THIS DISCUSSION.
IT WAS APPARENT THAT THE FRENCH HAD NOT CONSIDERED THE LONG
TERM ASPECTS OF THIS DECISION AND THE IMPLICATIONS ON OTHER
RESTORATION PROJECTS. AS A RESULT, THE CHAIRMAN (HOFMAN)
REQUESTED THAT THE FRENCH REP (GENTILHOMME) DETERMINE BY
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THE NEXT MEETING OF CEPPC FRENCH INTENTIONS TO PARTICIPATE
IN THE RESTORATION PROJECTS CONTAINED IN AC/120-WP/265 AND
CONSEQUENCES/IMPACTS OF ANY DECISION NOT TO PARTICIPATE.
A NEW CONTRACT FOR THE GENERAL MANAGER, CENTRAL EUROPE
OPERATING AGENCY (CEOA) (VERBOIS) WAS DISCUSSED IN RESTRIC-
TED SESSION. THE FRENCH PLACED A RESERVATION ON A NEW CON-
TRACT FOR THE GENERAL MANAGER, AND THE US REP (LOVELAND)

MADE HIS EXTENSION SUBJECT TO US CONFIRMATION. VERBOIS HAS NOT MANAGED CEOA EFFECTIVELY AND HAS RESISTED DIRECTIVES FROM THE CEPPC AND THE CENTRAL EUROPE PIPELINE OFFICE (CEPO). RENEWAL OF HIS CONTRACT WILL BE DECIDED ON 23 AUGUST 1977 IN CONJUNCTION WITH THE MEETING OF DEPUTY PERMANENT REPRESENTATIVES ON CENTRAL EUROPE PIPELINE SYSTEM (CEPS) FINANCIAL PROBLEMS. RECOMMENDATION: US FOLLOW FRENCH LEAD ON THE RENEWAL OF VERBOIS' CONTRACT. ACTION REQUESTED: GUIDANCE ON RENEWAL OF VERBOIS' CONTRACT BY 19 AUGUST 1977. END SUMMARY.

ITEMS OF PRINCIPAL INTEREST ARE REPORTED BELOW AND ARE KEYED TO AGENDA ITEMS.

II. 1977 BUDGET OF CEOA AND DIVISIONS REQUEST FOR UNBLOCKINGS. FRG REP (DORR) WAS REQUESTED TO OBTAIN RELEASE OF THE FRG RESERVATION ON THE 1977 CEOA BUDGET FOR URGENT PROJECTS (PRIORITY 1 AND 2) IN THE FIRST SUPPLEMENTARY BUDGET AND THE ORDINARY BUDGET. US RETAINED A RESERVATION ON THE FIRE SAFETY MEASURES/EQUIPMENT AT FOS DEPOT IN VIEW OF THE INFRASTRUCTURE FUNDING ELIGIBILITY QUESTION.

III. PIPELINE PROJECTS. THE QUESTION OF FRENCH PARTICIPATION IN INFRASTRUCTURE COMMON FUNDING PLACED THE RHINE CROSSING AT KEHL PROJECT AND THE REPLACEMENT OF THE PUMP ENGINE AT CHALONS IN AN INDEFINITE STATUS. THE FRENCH DE-CONFIDENTIAL

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CISION TO FINANCE NATIONALLY THE REPLACEMENT OF ADN ENGINES IN FRANCE AND NOT PARTICIPATE IN THE INFRASTRUCTURE PROJECT FOR THE REPLACEMENT OF FIFTEEN ENGINES IN BELGIUM AND THE NETHERLANDS WAS APPARENTLY MADE WITHOUT CONSIDERING THE LONG TERM ASPECTS OF THIS DECISION AND THE IMPLICATIONS ON OTHER RESTORATION PROJECTS. AS A RESULT, THE CHAIRMAN REQUESTED THE FRENCH REP TO DETERMINE FRENCH INTENTION ON PARTICIPATION IN THE RESTORATION PROJECTS LISTED IN AC/120-WP/265 AND CONSEQUENCES/IMPACTS OF ANY DECISION NOT TO PARTICIPATE, BY THE NEXT MEETING. US REP STATED THAT INFRASTRUCTURE COMMON FUNDING FOR SLICE XXVIII, WHICH INCLUDES THE ADN ENGINES, HAD BEEN APPROVED BY THE INFRASTRUCTURE COMMITTEE AND THAT PREFINANCING MIGHT NOT BE REQUIRED. ANY COST NOT COVERED BY INFRASTRUCTURE WOULD BE PAID BY PARTICIPATING NATIONS, WITH A SPECIAL BUDGET DESIGNED FOR THIS ACTION. HOST NATIONS (BELGIUM AND NETHERLANDS) WOULD HAVE TO SUBMIT FUND REQUEST TO THE PAYMENTS AND PROGRAM (P&P) COMMITTEE. COMMITTEE WOULD HAVE TO DECIDE IF FRANCE SHOULD BE RELEASED FROM THE PREFINANCING AGREEMENT WHICH GUARANTEED PAYMENT OF THE FUNDS FOR THE PURCHASE OF THE ADN ENGINES.

IV. REPORT OF THE INTERNATIONAL BOARD OF AUDITORS FOR 1974.
THE COMMITTEE ACCEPTED MINOR MODIFICATIONS TO THE REPORT OF
THE INTERNATIONAL BOARD OF AUDITORS FROM BELGIUM AND FRANCE.

V. CONNECTION OF ORANGE AIRBASE. AN AUTOMATED LINE FOR THE
CONNECTION OF ORANGE AIRBASE WAS APPROVED BY THE COMMITTEE.
THE INSTALLATION COSTS SHOULD BE AMORTIZED IN LESS THAN
FOUR YEARS.

VI. CONTRACT OF GENERAL MANAGER, CEOA (RESTRICTED SESSION).
A NEW CONTRACT FOR THE GENERAL MANAGER, CEOA (VERBOIS) WAS

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DISCUSSED IN RESTRICTED SESSION. THE FRENCH PLACED A RE-
SERVATION ON A NEW CONTRACT FOR THE GENERAL MANAGER, AND
THE US MADE THE APPOINTMENT SUBJECT TO CONFIRMATION. COM-
MENT: VERBOIS HAS NOT MANAGED CEOA EFFECTIVELY AND HAS RE-
SISTED DIRECTION OF THE CEPPC AND CEPO. WE WERE HOPING THAT
HE WOULD CARRY OUT HIS THREAT TO QUIT IN MARCH 78 BUT ARE
NOW FACED WITH HIS AGREEMENT TO STAY UNTIL 31 JAN 79 (65TH
BIRTHDAY) "IF REQUESTED BY THE COMMITTEE". OUR BASIC REAC-
TION WOULD BE TO BLOCK AN EXTENSION BUT, IF FRANCE JOINS THE
MAJORITY, WE DO NOT BELIEVE IT USEFUL TO BE THE LONE HOLDOUT
AGAINST A 10 MONTH EXTENSION. END COMMENT. RENEWAL OF HIS
CONTRACT WILL BE DECIDED ON 23 AUGUST 1977 IN CONJUNCTION

WITH THE MEETING OF DEPUTY PERMANENT REPRESENTATIVES ON CEPS
FINANCIAL PROBLEMS. RECOMMEND THAT US CONTINUE TO EXPRESS
RELUCTANCE TO EXTEND VERBOIS' CONTRACT BUT JOIN THE CONSEN-
SUS IF FRANCE LIFTS ITS RESERVATION. ACTION REQUESTED: GUID-
ANCE BY 19 AUGUST ON RENEWAL OF VERBOIS' CONTRACT.
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VII. ANY OTHER BUSINESS. THE GENERAL MANAGER ANNOUNCED
THAT AN UPDATING OF THE STUDY ON THE TAKE-OVER BY THE CEPS
OF THE US ZWEIBRUCKEN-HUTTENHEIM PIPELINE SYSTEM WOULD BE
DISTRIBUTED SHORTLY FOR DISCUSSION AT SEPTEMBER MEETING
(AC/120-D/1014 DATED 11 JULY 1977).BENNETT

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